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SUBJECT: COMMERCE MINISTER ADDRESSES FTA CONCERNS

¶1. (U) On October 16, Econoff, Poleoff, and Poleassistant attended Commerce and Industry Minister Maqbool bin Ali Sultan's address on the U.S.-Oman Free Trade Agreement (FTA) to members of the Oman Journalists' Association. Maqbool used the public engagement to highlight the FTA's expected benefits once it takes effect in January 2007. He noted that concluding the FTA with the United States was "no surprise," and that it was a result of the "natural process and the rational development of the Sultanate's economic and commercial vision." In addition to the FTA's advantages for Oman in the services sector, Maqbool expressed his view that the Agreement would attract U.S. investment in the transport, electricity production, real estate, and tourism sectors. He further remarked that the FTA would open export possibilities for new plastics and aluminum production facilities in Oman once they come on line over the next four years. Maqbool commented that Oman would continue to expand its trade links by negotiating, through the GCC, free trade agreements with the European Union, Turkey, China, Singapore, Australia, India, and Pakistan.

¶2. (SBU) During the comment session following the address, most participants voiced their support for the government's efforts to conclude the FTA, noting that it would pave the way for greater U.S. investment in the Sultanate. Others, however, complained that the FTA never went to the Majlis (Oman's consultative council) for formal consideration, akin to the U.S. Congressional ratification process. In responding to a question on Oman's participation in the Arab League boycott of Israel, Maqbool stated that the government already had lifted the ban on trade with Israel in preparation for its 2000 accession to the World Trade Organization. Maqbool also dismissed concerns that U.S. products would swamp locally-produced goods once the FTA was implemented, noting that the types of U.S. imports to benefit most from the Agreement - such as automobiles and heavy industry equipment - would not pose a threat to domestic businesses. Finally, in answering a local bank CEO's concern that U.S. banking institutions would crush their less-competitive Omani counterparts, Maqbool reminded him that the FTA included a safeguards chapter to address such potential outcomes.

¶3. (SBU) Comment. The audience's reaction to the Minister's speech indicated broad support for the FTA. The event itself represented an opportunity for Maqbool to address criticism that the government had not done a good job in communicating the contents of the FTA to the public. To further emphasize the government's commitment to promoting the FTA, Maqbool highlighted the Ministry's staging - in conjunction with the Omani Center for Investment Promotion and Export Development, the Oman Chamber of Commerce and Industry, and the Embassy -

of an FTA awareness conference in early December. End  
Comment.  
FONTENEAU